

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF STEPHAN ) APPEAL NO. 07-A-2720  
WHITE from the decision of the Board of ) FINAL DECISION  
Equalization of Valley County for tax year 2007. ) AND ORDER

**RESIDENTIAL PROPERTY APPEAL**

THIS MATTER came on for hearing February 20, 2008, in Cascade, before Hearing Officer Travis VanLith. Board Members Lyle R. Cobbs, Linda S. Pike, and David E. Kinghorn participated in this decision. Appellant Stephan White appeared. Assessor Karen Campbell, Chief Deputy Assessor Deedee Gossi, and Appraiser Charles Pickens appeared for Respondent Valley County. This appeal is taken from a decision of the Valley County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. LR19N03E260990A.

**The issue on appeal is the market value of an improved residential property.**

**The decision of the Valley County Board of Equalization is modified.**

**FINDINGS OF FACT**

Subject's improvement value is \$144,750. At hearing, Appellant requested subject's improvement value be reduced to \$100,000 or less.

Subject is a small island located on Payette Lake. Attached is a 1,560 square foot "A-frame" cabin structure considered to be in "fair" condition. As the island is a leasehold, only the improvements are being appealed here. Appellant purchased subject in the summer of 2003 for a total of \$290,000.

Appellant contended Respondent's use of residences located on the "mainland" as a basis for determining subject's value was improper. As subject is an island, Appellant argued it was too dissimilar to be compared to properties on the edge of the lake. To this end, Appellant listed

a number difficulties associated with subject's island location and associated characteristics.

1. The island is only accessible approximately one-half the year, due to weather conditions.

2. The cost to supply energy to the island for heating the cabin is too great because energy must be brought in by boat. Appellant contended this fact alone should reduce subject's value by 50%.

3. While the island does have a propane generator to supply electricity, the cost and burden of transporting propane by boat is too great for the generator to be used regularly.

4. Subject does not have potable water. Water must be brought in by boat from the mainland. Likewise, garbage and other supplies must be shuttled to and from shore by boat.

5. The cost and difficulty associated with maintaining subject is a further detriment.

6. The docks are difficult to maintain because they are located on a rocky portion of the island. They are not well-anchored and the waves produced by passing boats causes the docks to shift and pound against the rocks.

7. Most of the island is comprised of rocks, which makes walking around difficult and dangerous.

8. For safety reasons, at least two boats are needed to occupy the island. One boat must stay docked at the island in case of emergency. The lack of access to emergency services was argued to be a further detriment to subject.

Appellant argued the above difficulties make it unreasonable to compare subject to properties located on the lake's edge. Both parties acknowledged there exists only one other island property in the county, however, it is too dissimilar for comparison to subject and would not be a good basis for establishing subject's value.

Respondent presented three (3) improved sales of lakefront property. Two (2) of the sales occurred in 2005 for \$192,000 and \$450,000. The remaining sale occurred in 2006 for \$299,900. It was unclear if the sales involved leasehold properties, however, Respondent noted the properties were assessed between \$78.51 and \$93.58 per square foot for the 2007 tax year. Subject was assessed \$92.78 per square foot.

Respondent acknowledged subject's access issues, however, argued the value of a residential structure would be the same whether it was located on an island or on a lakefront parcel. As such, Respondent advocated the use of lakefront sales to value subject and maintained no adjustment was needed for subject's access issues.

#### CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

The problem in this case is the absence of similar property to compare with subject. Both parties acknowledged there is only one other island in the county and agreed it is too dissimilar to use as a basis for valuing subject. The absence of like property, however, does not remove the requirement that subject be assessed at market value. In fact, all property not expressly exempted by statute is subject to assessment and taxation. See Idaho Code § 63-601. Subject does not qualify for any of the enumerated exemptions, so market value must be determined.

While Respondent's argument that "a cabin is a cabin" and the value should be the same regardless of where it is located seems reasonable, the argument's veracity is lost in a case such as this, where subject has obvious physical limitations associated with its use. Appellant went

to great lengths detailing subject's detriments so we will not list them again here, but it is clear to this Board consideration should be given to the hardships associated with owning a cabin on an island.

"In determining the value of property for taxation purposes the assessor may and should consider cost, location, actual cash sale value and all other factors, known or available to his knowledge, which affect the value of the property assessed. . . ." Abbot v. State Tax Comm'n, 398 P.2d 221, 225, 398 P.2d 221, 225 (1965).

Respondent made no adjustments for access issues and other difficulties resulting from subject's location in the middle of Payette Lake. While there is likely a certain charm to owning property on an island, the hardships have been thoroughly detailed here. The lack of similar property make it difficult to accurately value a unique property such as subject, however, market value must be determined. The only value indicators submitted in record are the sales presented by Respondent. The residential structures appear to be similar to subject, the obvious difference being their location on the lakeshore. The sale properties were assessed between \$78.51 and \$93.58 per square foot. Subject was assessed for \$92.78 per square foot. Given subject's detriments, it seems unreasonable to assess subject at nearly the same rate as the highest sale property. As such, the Board will adopt the lowest value per square foot reported by Respondent and use this rate to determine subject's improvement value at \$122,475. The decision of the Valley County Board of Equalization is modified accordingly.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Valley County Board of Equalization concerning the subject parcel be, and the same hereby is, modified to reflect a decrease in the improvement value to \$122,475.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

MAILED APRIL 3, 2008